

## **DECISION MEMORANDUM**

**TO:** COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
LEGAL  
WORKING FILE

**FROM:** MICHAEL W. MORRISON

**DATE:** FEBRUARY 11, 2016

**RE:** IDAHO POWER'S ANNUAL COMPLIANCE FILING TO UPDATE  
CHARGES, CREDITS, AND GENERAL OVERHEADS UNDER RULE H,  
NEW SERVICE ATTACHMENTS AND DISTRIBUTION LINE  
INSTALLATIONS OR ALTERATIONS, TARIFF ADVICE NO. 15-14

### **BACKGROUND**

On December 29, 2015, Idaho Power ("Company") filed a tariff advice with the Commission proposing updates to the charges, credits, and general overhead rate outlined in Rule H, New Service Attachments and Distribution Installations or Alterations. This is the seventh annual compliance filing to update Rule H charges and credits as required by Idaho Public Utilities Commission Order Nos. 30853 and 30955. Commission Order No. 30853 requires the Company to submit its updated Rule H charges and credits no later than January 1 of each year. The Company also requests to update its general overhead rate as required by Order No. 32472. The Company proposes that the updates be approved by March 1, 2016 with an effective date of March 15, 2016.

### **STAFF ANALYSIS**

Staff reviewed the Company's cost estimation methodology, and found it to conform to that adopted in IPC-E-08-22 (Rule H Modification and Reconsideration), Idaho Power's most recent major line extension case.

Staff notes 6 percent and 4 percent increases, respectively, in charges for 2-inch and 3-inch pole risers. These increases were driven by a 3% increase in labor rates, and by a 12 minute increase in the estimated time to attach the compatible unit. Staff agrees that these charges are appropriate.

Decreases in conductor costs were responsible for reductions of between 2 and 8 percent across all distance charges.

A 3 percent increase in labor rates and 6.2 percent increase in benefits costs drove a \$3.00 increase in hourly engineering charges.

Staff notes a 1 percent increase in the line installation and service attachment allowances for residential (Schedules 1, 3, 4, and 5) and non-residential (Schedules 7, 9, and 24) single phase service, and a 2 percent increase in the non-residential three phase allowance. About half of these increases are attributable to increased labor rates, and the remainder to increases in material costs.

There was a small decrease, from 17.60 percent to 16.79 percent, in the general overhead rate. Staff determined that the method used to compute the new rate conforms to the methodology used in IPC-E-11-24 and approved in Order No. 32472.

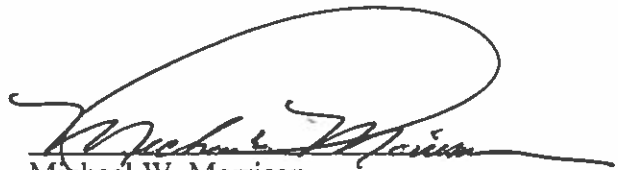
The Company has indicated that it will requires two weeks to modify its computer systems, prepared documentation, and train personnel, and requests an effective date of March 15, 2016.

#### **STAFF RECOMMENDATIONS**

The Company's methodology for computing charges and allowances for new service attachments and distribution line installations is consistent with that approved by the Commission in Order Nos. 30853, 30955, and 32472. Staff also believes the Company's proposal to compute the general overhead rates applied to engineering charges is reasonable. Staff therefore recommends that the Company's proposed Rule H updates be approved with an effective date of March 15, 2016.

#### **COMMISSION DECISION**

Does the Commission wish to approve the Company's proposed Rule H updates to with an effective date of March 15, 2016?



Michael W. Morrison